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C O N F I D E N T I A L SECTION 01 OF 02 TAIPEI 004441

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SUBJECT: TAIWAN STRUGGLING TO IMPROVE ROK TIES

REF: TAIPEI 4190

Classified By: AIT Acting Director Dave Keegan, Reason 1.4 (b/d)

1. (C) Summary: Taiwan officials are frustrated by the Republic of Korea's (ROK) close ties to the PRC. They assert that Taipei's efforts to engage Seoul have been spurned because of PRC pressure and the ROK's goal of rapprochement with Pyongyang. ROK diplomats in Taipei complain that Taiwan President Chen Shui-bian's tactic of publicizing foreign policy initiatives for domestic gain has compromised ROK efforts to maintain a low profile and avoid friction with Beijing. Economically, Taiwan-ROK ties are improving and tourism is on the rise since direct air links were reestablished in 2004, but Taipei is still facing a trade deficit with Seoul. End summary.

Political Ties Still Strained

2. (C) Taipei's relationship with the ROK remains strained since diplomatic ties were severed in 1992. (Note: When Seoul severed diplomatic ties with Taiwan, Taipei felt betrayed, and bitter feelings ensued between both sides for several years. End note). Taiwan National Security Council (NSC) Senior Researcher for Korea and Japan Chen Pei-yuan told AIT that Taipei has tried several initiatives to engage South Korea to warm bilateral ties, but has been rebuffed by Seoul. Chen said under the current circumstances, it will be difficult for Taipei to make progress particularly since only minor Taiwan government officials can officially visit the ROK. Taiwan Ministry of Foreign Affairs (MOFA) Chief for Korean and Japanese Affairs Huang Shue-I told AIT that while economic ties have improved, political relations between Taipei and Seoul were "almost non-existent."

Seoul Focused on the PRC

3. (C) Taiwan NSC and MOFA officials assert that the ROK's top priority is maintaining good ties with Beijing and thus, Seoul is susceptible to PRC pressure. MOFA's Huang said that the ROK is wary of Taiwan because Seoul wants to focus its economic ties on the growing PRC market and needs good relations with the PRC to ensure that Beijing will continue to use its influence with North Korea to moderate Pyongyang. The ROK Representative Office in Taipei Political Chief Lee Hai-kwang argued that Seoul must maintain its distance from Taiwan because there is a limit to what the ROK can do with Taiwan. He added that "we have to be cautious because of the importance of Beijing to Korean economic and political interests."

And Frustrated Over Taiwan's Foreign Policy

4. (C) The ROK is also frustrated with Taiwan President Chen's practice of publicizing foreign policy initiatives for domestic audiences in Taiwan. The ROK's Lee maintained that Taiwan's practice of using the press to announce foreign policy initiatives rather than seeking more subtle channels of communication creates great difficulties for Seoul and has only served to exacerbate Taiwan-ROK ties. Lee explained that Taiwan's use of the press often escalates minor events into larger controversies, which in turn puts the ROK in a difficult situation with the PRC. He mused that President Chen's diplomatic practices are counterproductive and further isolate Taiwan from Seoul and other potentially friendly governments in Asia. Lee added that Taiwan is promoting former ROK President Kim Young-sam's visit to Taiwan (October 31-November 3), but he assured AIT that Kim's visit is not politically significant and noted that Kim visited Taiwan last year.

APEC Controversy Highlights Strains

5. (C) Lee pointed to Taiwan's use of the media to announce its APEC representative as an example of this ineffective strategy and why Seoul must be cautious towards Taiwan (reftel). (Note: President Chen announced to the press in July - before consulting Seoul or Beijing - that he intended

to represent Taipei at the November APEC leaders' meeting in Pusan and then announced in October he intended to send LY speaker Wang Jing-pyng. End note). Lee said the APEC controversy was compounded by Taiwan's use of the media for dialogue instead of conveying messages through direct channels, which has put the ROK in an awkward position. Lee said Seoul is trying to play the middle ground, but when the issue is forced Seoul will of course have to support Beijing. Taiwan officials have been disappointed with the lack of support shown by Seoul and NSC's Chen told AIT that the APEC incident shows that the ROK is afraid of Beijing.

Economic Ties Growing, But Challenges Remain

16. (C) Despite the political strains, economic cooperation between Seoul and Taipei continues to improve. MOFA's Huang said that Taiwan-ROK trade has expanded and the ROK is now Taipei's 4th largest export market. He also noted that after direct air-links were reestablished in 2004, tourism has increased - 150,000 visitors annually from the ROK and 300,000 from Taiwan. While NSC's Chen admitted economic ties are growing, he pointed to the serious trade deficit, which is an issue of great concern to Taiwan. He said Taiwan has sought bilateral trade talks, but has had little success in closing the trade gap. Chen added that most ROK companies are large conglomerates focused on the large PRC market, while most Taiwan companies are small-or medium-sized firms, which are less attractive for trade and investment to ROK firms. Chen told AIT that the situation is difficult and many challenges remain for Taiwan's economic relations with Seoul.

Comment: Little Likely to Change

17. (C) Taiwan MOFA and NSC officials complained loudly to AIT about Beijing's influence over the ROK. They offer, however, little realistic expectation that the Taiwan president can be dissuaded from using a "public" approach for Taiwan's foreign policy, which has only alienated governments in the region. Taipei would be better served to use more subtle and discreet diplomacy - as it proved it can do with the UAE in September - with Seoul and other governments in Asia. The challenge will be to use such discretion in pursuit of strategic gain rather than presidential photo-ops.
Keegan